

State of South Dakota

SEVENTY-SECOND SESSION
LEGISLATIVE ASSEMBLY, 1997

400A0603

HOUSE BILL NO. 1185

Introduced by: Representatives Broderick, Duxbury, and Jorgensen and Senator Symens

1 FOR AN ACT ENTITLED, An Act to allow banks to purchase fractional shares of common
2 stock for the purpose of canceling the fractional shares.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 51A-3-27 be amended to read as follows:

5 51A-3-27. No bank may make any purchase money loans or discounts on the security of the
6 shares of its own capital stock, or on the shares of its parent holding company, nor be the
7 purchaser or holder of any such shares unless such security or purchase is necessary to prevent
8 loss upon a debt previously contracted in good faith. Stock so purchased or acquired shall,
9 within six months of the time of its purchase, be sold or disposed of at public or private sale, and
10 if not disposed of within that time, may no longer be included in the assets of such bank.
11 However, a bank may purchase for fair value fractional shares of a bank's common stock to the
12 holders thereof pursuant to the provisions set forth in Title 47 for the purpose of canceling the
13 fractional shares if the bank meets all capital requirements after cancellation of the fractional
14 shares.